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Utility Investment Statistics

Utility Appropriations

Second Quarter 1983

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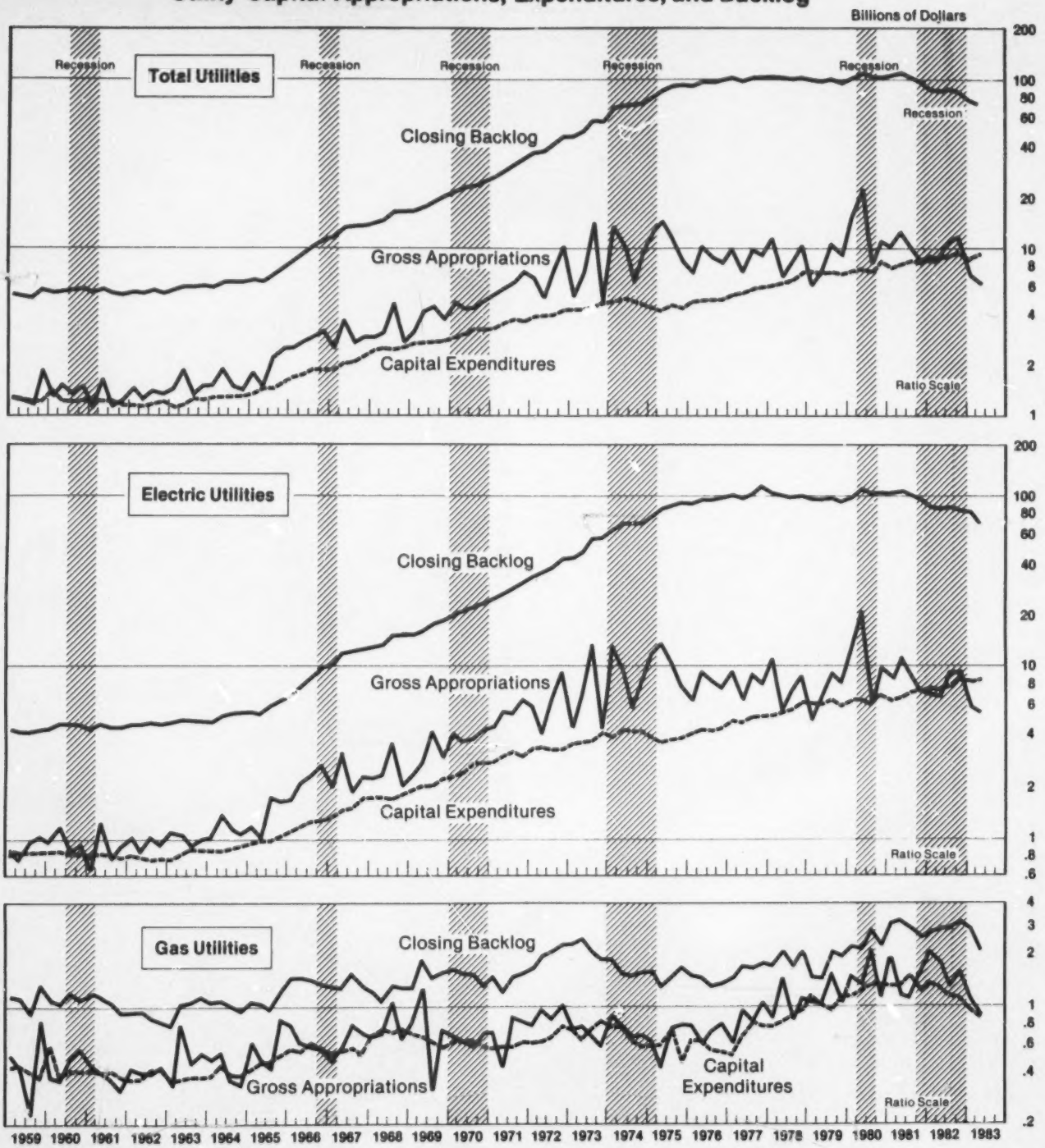
Utility Capital Appropriations, Expenditures, and Backlog*



* Seasonally adjusted quarterly totals in billions of dollars.

Prepared in the Business Conditions Analysis Department—Lora S. Collins, Director

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The Conference Board
Quarterly Survey of Utility Appropriations
Second Quarter 1983

In the second quarter of 1983, capital appropriations by investor-owned gas and electric utilities dropped 9%, to a seasonally adjusted $6.3 billion. This followed a 36% drop in the first quarter. Quarterly utility appropriations of less than $7 billion have been reported only five times in the past decade: in 1974, 1978, 1979, and the first two quarters of 1983. The two quarterly declines in appropriations this year comprised cutbacks by both electric and gas utilities.

Cancellations and adjustments of prior appropriations remained quite high in the second quarter owing to increased and widespread cancellations by gas companies. Thus, net appropriations as well as gross appropriations remained unusually low in the second quarter ($3.0 billion). Quarterly net appropriations, commonly below $4 billion prior to 1970, have fallen below $4 billion in only ten quarters since then, beginning in 1977.

Actual capital expenditures by utilities rose 3% in the second quarter to $9.3 billion, on a par with the record set in 1982-IV. The rise is attributable entirely to the electric utility segment. Backlogs of unspent appropriations fell 8% from end-March levels to $72.0 billion at the end of June, which is 35% below the record $110.7 billion accumulation of mid-1981. During this two-year period, there was only one quarter (1982-III) in which unspent backlogs rose in both the gas and electric segments. That quarter also saw a marked drop in cancellations by both segments. From the perspective of mid-1983, the strength of last year's third quarter, barely sustained in the fourth, was only a token recovery for electric and gas utility capital planning.

Electric Utilities to Try A Policy Shift

Appropriations by electric utilities in the first half of 1983 were the weakest of any half-year period in the last four years. The $5.43 billion appropriated in the 1983 second quarter was 7% less than the first-quarter total and 41% below the recent high of last year. But reduced cancellations helped to bring net appropriations up a scant 2% to $2.84 billion. Second-quarter expenditures set a record at $8.47 billion; the 5% increase was the strongest in five quarters. The growing divergence between expenditures and net appropriations shrank the unspent backlog to $69.82 billion in June, its lowest level since year-end 1974.

The electric companies' appropriations backlog at midyear would support two years of spending at the current (high) rate. The ratio of backlog to spending has fallen in every quarter since the beginning of 1981. It has been in overall decline since 1975, when six years' worth of spending was contained in the backlog. The outlook seems to be for electric utility plant-and-equipment spending to be stable to gradually rising, in response to past appropriations; little (if any) real constant-dollar rise in investment is on the horizon, however. Planning might turn around in 1985, if the industry is successful in its intended move next year away from conservation and toward a stronger marketing program nationwide.

Gas Utilities Still Lagging

The gas utility industry curtailed investment even more severely in the second quarter than in the first. Appropriations were down 19% to $0.90 billion, the lowest quarterly total since 1978. Cancellations were up to a record $0.70 billion seasonally adjusted. (But without seasonal adjustment, cancellations were higher in 1981-IV.) Expenditures, in decline since 1981, were down 7% to $0.88 billion, and the unspent backlog fell 24% to $2.18 billion, its lowest level in three years. The positive finding of the second-quarter gas utility survey was a backlog/spending ratio of 2.48, which is above the industry's 25-year average of 2.40.

Margaret M. Nichols

CAPITAL APPROPRIATIONS AND EXPENDITURES OF INVESTOR-OWNED GAS AND ELECTRIC UTILITIES

Quarterly Totals in Millions of Dollars

	81-I	81-II	81-III	81-IV	82-I	82-II	82-III	82-IV	83-I	83-II
					—NOT SEASONALLY ADJUSTED—					
TOTAL UTILITIES										
Opening backlog	105,590	117,981	116,515	104,062	98,638	97,178	92,424	88,593	84,015	84,089
Appropriations	21,824	6,567	5,277	7,781	18,727	4,569	5,918	9,497	14,397	3,442
Canceled	2,664	133	8,945	4,065	12,207	563	602	3,820	6,245	1,582
Capital expenditure	6,769	7,900	8,785	9,140	7,980	8,760	9,147	10,255	8,078	9,254
Closing backlog	117,981	116,515	104,062	98,638	97,178	92,424	88,593	84,015	84,089	76,695
ELECTRIC UTILITIES										
Opening backlog	103,289	112,890	111,793	100,607	96,064	91,806	87,979	84,990	80,756	79,465
Appropriations	18,203	6,149	4,690	6,603	14,367	4,015	5,288	8,392	11,778	3,151
Canceled	2,860	611	8,839	3,350	11,735	326	473	3,718	5,720	1,030
Capital expenditure	5,742	6,635	7,037	7,796	6,890	7,516	7,804	8,908	7,349	8,427
Closing backlog	112,890	111,793	100,607	96,064	91,806	87,979	84,990	80,756	79,465	73,159
GAS UTILITIES										
Opening backlog	2,301	5,091	4,722	3,455	2,574	5,372	4,445	3,603	3,259	4,624
Appropriations	3,621	418	587	1,178	4,360	554	630	1,105	2,619	291
Canceled	—196	—478	106	715	472	237	129	102	525	552
Capital expenditure	1,027	1,265	1,748	1,344	1,090	1,244	1,343	1,347	729	827
Closing backlog	5,091	4,722	3,455	2,574	5,372	4,445	3,603	3,259	4,624	3,536
					—SEASONALLY ADJUSTED—					
TOTAL UTILITIES										
Opening backlog	105,590	107,380	110,653	102,315	98,638	89,599	87,827	88,507	84,015	78,306
Appropriations	10,646	12,209	9,678	8,916	8,803	8,502	10,603	10,803	6,966	6,327
Canceled	1,193	920	9,525	4,169	8,884	1,439	905	5,964	3,643	3,291
Capital expenditure	7,663	8,016	8,491	8,424	8,958	8,835	9,018	9,331	9,032	9,343
Closing backlog	107,380	110,653	102,315	98,638	89,599	87,827	88,507	84,015	78,306	71,999
ELECTRIC UTILITIES										
Opening backlog	103,289	104,415	107,431	99,507	96,064	89,906	85,030	85,702	80,756	75,444
Appropriations	8,755	11,017	8,519	7,354	6,782	6,722	9,280	9,278	5,863	5,432
Canceled	1,292	1,321	9,432	3,615	8,373	1,065	761	6,053	3,086	2,588
Capital expenditure	6,337	6,680	7,011	7,182	7,567	7,533	7,847	8,171	8,089	8,466
Closing backlog	104,415	107,431	99,507	96,064	86,906	85,030	85,702	80,756	75,444	69,822
GAS UTILITIES										
Opening backlog	2,301	2,965	3,222	2,808	2,574	2,693	2,797	2,805	3,259	2,862
Appropriations	1,891	1,192	1,159	1,562	2,021	1,780	1,323	1,525	1,103	895
Canceled	—99	—401	93	554	511	374	144	—89	557	703
Capital expenditure	1,326	1,336	1,480	1,242	1,391	1,302	1,171	1,160	943	877
Closing backlog	2,965	3,222	2,808	2,574	2,693	2,797	2,805	3,259	2,862	2,177

REVISIONS: Gas and total utility data are revised for all quarters of 1982 and 1983-I. Data for 1983-II are preliminary.

Estimates are for all investor-owned gas and electric utilities. The electric utility companies surveyed account for 99% of all investor-owned companies' plant investment and kilowatt-hour sales to ultimate customers in 1981; the gas utilities surveyed account for 48% of 1982 revenues of all investor-owned gas utilities.

Historical data from 1958 available on request from the Business Conditions Analysis Department.

Sources: Edison Electric Institute; American Gas Association; The Conference Board.

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Third Quarter 1983

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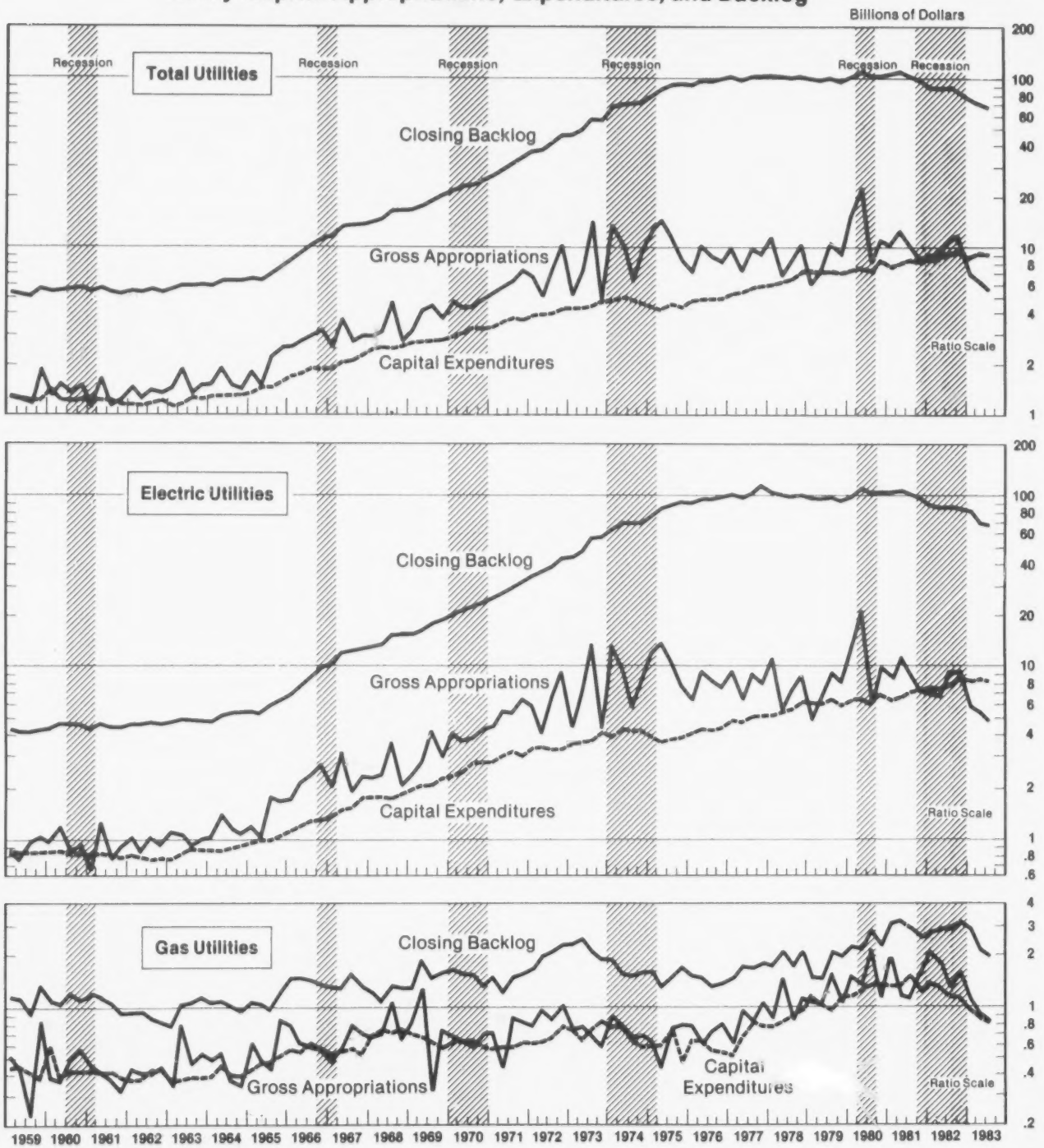
The Conference Board

Utility Capital Appropriations, Expenditures, and Backlog*



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The Conference Board
Quarterly Survey of Utility Appropriations
Third Quarter 1983

New capital appropriations of investor-owned utilities, both gas and electric, declined again in the third quarter of 1983, this time by 11% to $5.63 billion (seasonally adjusted). This is the smallest quarterly figure in ten years. However, cancellations and adjustments of prior appropriations fell off sharply to $0.6 billion, so that net appropriations rose 70% from the second quarter to $5.1 billion in the third. This was the highest net figure of the past four quarters, but nowhere near the $9.7 billion of 1982-III, when a recovery in utility planning appeared to have begun.

Actual capital expenditures by utilities dropped 3% from their second-quarter record, to $9.1 billion, reflecting slight cutbacks in both the gas and the electric sectors. The unprecedented $9 billion level of spending reached one year ago has not diminished appreciably since then, owing to continuing payout on the very large volume of appropriations made by electric companies during the 1970's. With new appropriations in decline, the backlog of unspent appropriations consequently continues to fall. At the close of the third quarter of 1983, the backlog was $67.9 billion, down 6% from the second quarter, 23% from a year ago, and 39% from the mid-1981 peak ($110.7 billion).

The ratio of the unspent backlog to quarterly expenditures has been less than 8 for the past half-year, which means that the backlog contains less than two years' worth of expenditures at the current rate. This short a horizon for utility capital spending has not been seen since 1970.

Electric Utilities: Efficiency, Not Expansion

Electric utilities appropriated $4.80 billion in the third quarter, down 12% from the second quarter and only about half of what they appropriated in the year-earlier quarter. However, their third-quarter cancellations were the smallest in six years ($0.37 billion), and net new appropriations jumped 56% from the second quarter to $4.43 billion. Third-quarter expenditures of $8.28 billion were 2% below the record set in the second quarter. The reduction in unspent backlog between June and September (5.5%) was the least severe of the past four quarters, chiefly because of the drop in cancellations.

In September, the accumulated appropriations available for future spending by electric utilities were $65.97 billion—a level comparable with that of 1974. This backlog is likely to be further depleted to the extent that new investment plans are frugal and spending, through it may level off, will not decline rapidly. It is not certain what volume and tempo of capital spending is yet to come for the large generating projects appropriated and begun in the 1970's. Some of the projects now deferred might eventually be cancelled.

For the rest of the 1980's, electric companies will take a two-pronged approach to a lean economy: conservation and the marketing of surplus capacity through innovative "load management" techniques. Like cogeneration, load management involves a variety of specially designed equipment (not necessarily expensive) for utilizing energy that has been going to waste, and for making more efficient use of available capacity. Investment in these processes is often as much in engineering as in the purchase of extra equipment, and is more likely to be made by electricity users than by the utilities. Therefore the success of utility programs in this decade will be measurable in savings rather than in the volume of their new capital investment.

Gas Utility Investment: Still On the Wane

The third-quarter contraction in appropriations was less sharp for gas utilities than for electric: at $0.83 billion, gas appropriations were only 5% below the second-quarter total. And, after subtracting only $0.19 billion of cancellations, net appropriations increased more than fourfold over the preceding quarter, to $0.65 billion. But this is far below the quarterly net totals reported in 1979-82.

Gas utility capital expenditures were $0.81 billion in the third quarter, continuing a trend down from their record $1.48 billion of 1981-III. The bulge in gas utility investment that followed enactment of the 1978 Natural Gas Policy Act produced an abundance of supply, and capital appropriations and spending are unlikely to rise much while gas is in surplus.

Margaret M. Nichols

CAPITAL APPROPRIATIONS AND EXPENDITURES OF INVESTOR-OWNED GAS AND ELECTRIC UTILITIES

Quarterly Totals in Millions of Dollars

	81-II	81-III	81-IV	82-I	82-II	82-III	82-IV	83-I	83-II	83-III
					—NOT SEASONALLY ADJUSTED—					
TOTAL UTILITIES										
Opening backlog	117,981	116,515	104,062	98,638	97,178	92,424	88,593	84,015	84,089	76,667
Appropriations	6,567	5,277	7,781	18,727	4,569	5,918	9,497	14,397	3,437	3,042
Canceled	133	8,945	4,065	12,207	563	602	3,820	6,245	1,613	495
Capital expenditure	7,900	8,785	9,140	7,980	8,760	9,147	10,255	8,078	9,246	9,268
Closing backlog	116,515	104,062	98,638	97,178	92,424	88,593	84,015	84,089	76,667	69,946
ELECTRIC UTILITIES										
Opening backlog	112,890	111,793	100,607	96,064	91,806	87,979	84,990	80,756	79,465	73,159
Appropriations	6,149	4,690	6,603	14,367	4,015	5,288	8,392	11,778	3,151	2,613
Canceled	611	8,839	3,350	11,735	326	473	3,718	5,720	1,030	323
Capital expenditure	6,635	7,037	7,796	6,890	7,516	7,804	8,908	7,349	8,427	8,352
Closing backlog	111,793	100,607	96,064	91,806	87,979	84,990	80,756	79,465	73,159	67,097
GAS UTILITIES										
Opening backlog	5,091	4,722	3,455	2,574	5,372	4,445	3,603	3,259	4,624	3,508
Appropriations	418	587	1,178	4,360	554	630	1,105	2,619	286	429
Canceled	−478	106	715	472	237	129	102	525	583	172
Capital expenditure	1,265	1,748	1,344	1,090	1,244	1,343	1,347	729	819	916
Closing backlog	4,722	3,455	2,574	5,372	4,445	3,603	3,259	4,624	3,508	2,849
					—SEASONALLY ADJUSTED—					
TOTAL UTILITIES										
Opening backlog	107,380	110,653	102,315	98,638	89,599	87,827	88,507	84,015	78,306	71,961
Appropriations	12,209	9,678	8,916	8,803	8,502	10,603	10,803	6,966	6,312	5,631
Canceled	920	9,525	4,169	8,884	1,439	905	5,964	3,643	3,322	553
Capital expenditure	8,016	8,491	8,424	8,958	8,835	9,018	9,331	9,032	9,335	9,092
Closing backlog	110,653	102,315	98,638	89,599	87,827	88,507	84,015	78,306	71,961	67,947
ELECTRIC UTILITIES										
Opening backlog	104,415	107,431	99,507	96,064	89,906	85,030	85,702	80,756	75,444	69,822
Appropriations	11,017	8,519	7,354	6,782	6,722	9,280	9,278	5,863	5,432	4,797
Canceled	1,321	9,432	3,615	8,373	1,065	761	6,053	3,086	2,588	365
Capital expenditure	6,680	7,011	7,182	7,567	7,533	7,847	8,171	8,089	8,466	8,283
Closing backlog	107,431	99,507	96,064	86,906	85,030	85,702	80,756	75,444	69,822	65,971
GAS UTILITIES										
Opening backlog	2,965	3,222	2,808	2,574	2,693	2,797	2,805	3,259	2,862	2,139
Appropriations	1,192	1,159	1,562	2,021	1,780	1,323	1,525	1,103	880	834
Canceled	−401	93	554	511	374	144	−89	557	734	188
Capital expenditure	1,336	1,480	1,242	1,391	1,302	1,171	1,160	943	869	809
Closing backlog	3,222	2,808	2,574	2,693	2,797	2,805	3,259	2,862	2,139	1,976

REVISIONS: Gas and total utility data for 1983-II are revised. Data for 1983-III are preliminary.

Estimates are for all investor-owned gas and electric utilities. The electric utility companies surveyed account for 99% of all investor-owned companies' plant investment and kilowatt-hour sales to ultimate customers in 1981; the gas utilities surveyed account for 48% of 1982 revenues of all investor-owned gas utilities.

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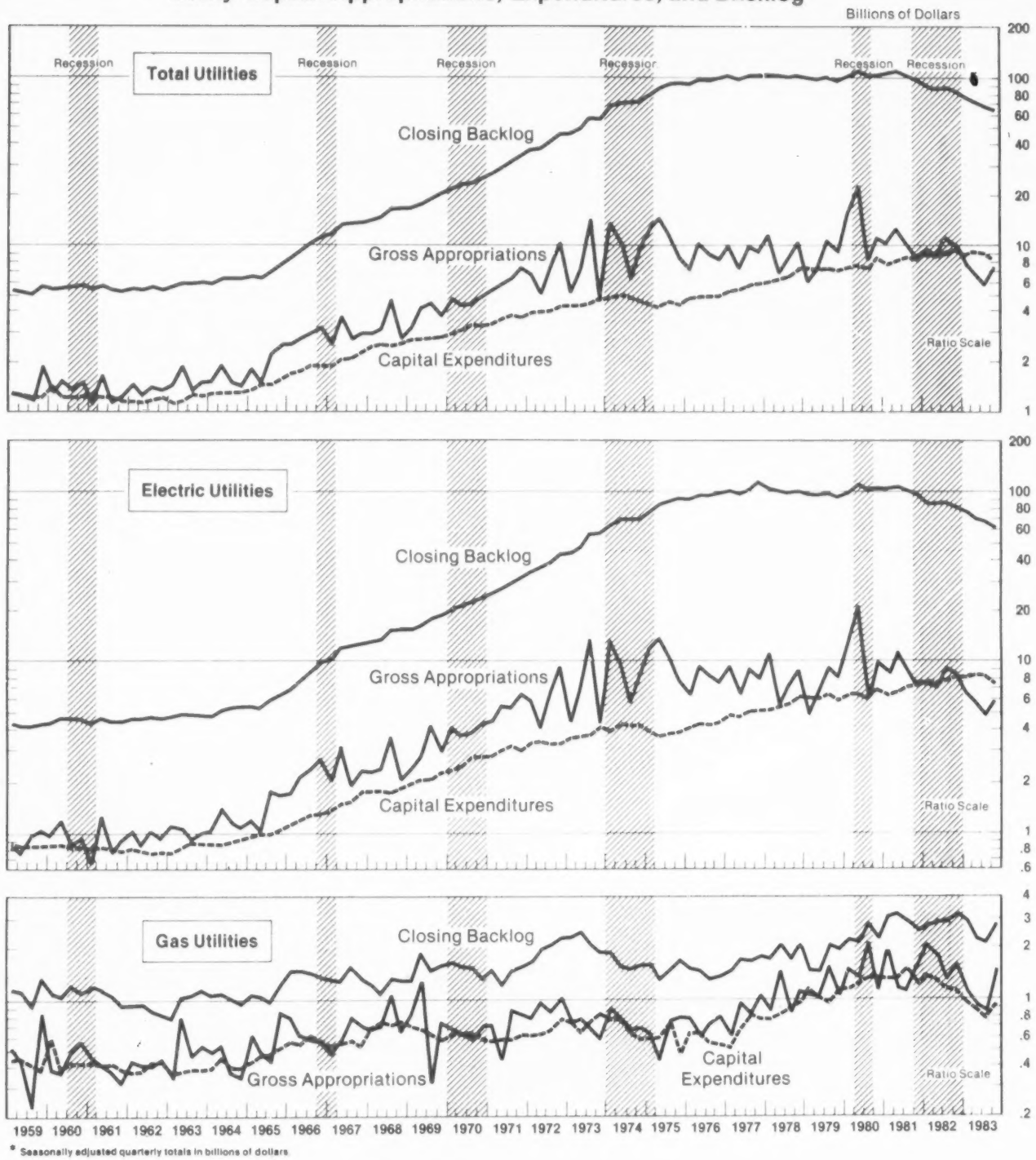
Utility Capital Appropriations, Expenditures, and Backlog*


Billions of Dollars
Recession
Total Utilities
Closing Backlog
Gross Appropriations
Capital Expenditures
Ratio Scale
Electric Utilities
Gas Utilities
1959 1960 1961 1962 1963 1964 1965 1966 1967 1968 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983

* Seasonally adjusted quarterly totals in billions of dollars.

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The Conference Board
Quarterly Survey of Utility Appropriations
Fourth Quarter 1983

In the fourth quarter of 1983, investor-owned gas and electric utilities appropriated $7.2 billion (seasonally adjusted) for future investment in plant and equipment. This represented an overall 25% increase from the third quarter, and comprised increases by both electric and gas utilities from their unusually low third-quarter appropriations. Net appropriations in the fourth quarter were only $4.6 billion, however—down 10% from the third quarter. The decline was caused by an increase in cancellations and adjustments to $2.6 billion, which is nonetheless below the quarterly average cancellations ($3.0 billion) of the past nine years.

During the full year 1983, total cancellations and adjustments declined to $11.1 billion from a record $17.2 billion in 1982. But gross new appropriations declined even more, and total 1983 net appropriations were down 25% from 1982, to $16.2 billion. Net gas utility appropriations had been rising for six years and reached a record $5.7 billion in 1982 before dropping to $3.0 billion in 1983. But net electric appropriations have declined in seven of the past eight years. In 1983, they were only $13.2 billion, compared with the record $36.7 billion in 1975.

Actual capital expenditures by utilities also declined in the fourth quarter of 1983, by 8% to $8.3 billion. All of the decline was attributable to the electric sector. However, for the full year 1983, electric spending was higher than in 1982 while gas utility spending was lower. The result was a 1.2% decline in total utility outlays, to $35.7 billion from the record $36.1 billion in 1982. This negligible decline was the first since 1975, when current-dollar spending dropped 8% from 1974. In "real" terms, there was virtually no change in spending by utilities between 1982 and 1983.

Since fourth-quarter expenditures exceeded appropriations, the total backlog of unspent appropriations, already in decline for 2½ years, dropped another 6% and was only $64.5 billion at year-end, the lowest level in ten years. However, the ratio of unspent appropriations to spending is beginning to rise in both the electric and gas segments, after a seven-year decline.

Electric Utilities: Still Canceling Projects

Electric utility appropriations rose in the fourth quarter for the first time since 1982-III, to $5.77 billion, up 17% from the very low third-quarter figure. The $2.73 billion canceled in the quarter contains a small amount of "adjustments" but was mainly actual cancellations, which were widespread among companies. For all of 1983, electric cancellations came to $9.82 billion, the smallest total since 1977. Cancellations have been declining along with appropriations; in 1983, they amounted to 43% of the dollar value of new appropriations—a proportion that is about equal to the average for the past five years.

Fourth-quarter expenditures by electric companies were $7.41 billion, down 10% from the third quarter and 12% below the record posted in the second quarter. The strength of spending from January to September elevated the 1983 total to a record $32.2 billion, 3% above the 1982 total. Since the middle of 1980, after a large spurt in appropriations interrupted a downtrend from 1975, spending has been running ahead of net appropriations, reducing the backlog. In 1983, the combination of low net appropriations and record spending cut the backlog by 24% to $61.74 billion, 43% below its mid-1980 record $108.24 billion.

Gas Utilities: A Fourth-Quarter Revival

Gas utilities made a stronger showing than electric in the fourth quarter, though not for 1983 as a whole. Fourth-quarter gas appropriations of $1.43 billion were up 68% from the third quarter and were the highest of the year, while expenditures increased 19% to $0.94 billion. The unspent backlog recovered part way from depletions earlier in the year, to $2.76 billion in December 1983, off by 15% from the record backlog of December 1982.

For the full year, gas utilities cancelled a record-high $1.33 billion, leaving a net appropriations figure of $3.04 billion—not much more than half the size of the 1982 total, and the smallest net figure since 1976. Gas capital spending also dropped from 1982—by 30%, to $3.54 billion. The high in spending was $5.38 billion in 1981.

Margaret M. Nichols

CAPITAL APPROPRIATIONS AND EXPENDITURES OF INVESTOR-OWNED GAS AND ELECTRIC UTILITIES

Quarterly Totals in Millions of Dollars

	81-III	81-IV	82-I	82-II	82-III	82-IV	83-I	83-II	83-III	83-IV
					—NOT SEASONALLY ADJUSTED—					
TOTAL UTILITIES										
Opening backlog	116,515	104,062	98,638	97,178	92,424	88,593	84,015	84,089	76,667	69,977
Appropriations	5,277	7,781	18,727	4,569	5,918	9,497	14,397	3,437	3,030	6,486
Canceled	8,945	4,065	12,207	563	602	3,820	6,245	1,613	466	2,817
Capital expenditure	8,785	9,140	7,980	8,760	9,147	10,255	8,078	9,246	9,254	9,147
Closing backlog	104,062	98,638	97,178	92,424	88,593	84,015	84,089	76,667	69,977	64,499
ELECTRIC UTILITIES										
Opening backlog	111,793	100,607	96,064	91,806	87,979	84,990	80,756	79,465	73,159	67,097
Appropriations	4,690	6,603	14,367	4,015	5,288	8,392	11,778	3,151	2,613	5,442
Canceled	8,839	3,350	11,735	326	473	3,718	5,720	1,030	323	2,742
Capital expenditure	7,037	7,796	6,890	7,516	7,804	8,908	7,349	8,427	8,352	8,061
Closing backlog	100,607	96,064	91,806	87,979	84,990	80,756	79,465	73,159	67,097	61,736
GAS UTILITIES										
Opening backlog	4,722	3,455	2,574	5,372	4,445	3,603	3,259	4,624	3,508	2,880
Appropriations	587	1,178	4,360	554	630	1,105	2,619	286	417	1,044
Canceled	106	715	472	237	129	102	525	583	143	75
Capital expenditure	1,748	1,344	1,090	1,244	1,343	1,347	729	819	902	1,086
Closing backlog	3,455	2,574	5,372	4,445	3,603	3,259	4,624	3,508	2,880	2,763
					—SEASONALLY ADJUSTED—					
TOTAL UTILITIES										
Opening backlog	110,653	102,315	98,638	90,045	88,220	88,724	84,015	79,203	72,179	68,254
Appropriations	9,678	8,916	9,353	8,795	10,624	9,939	7,664	6,713	5,771	7,202
Canceled	9,525	4,169	8,939	1,774	1,215	5,264	3,435	4,445	653	2,608
Capital expenditure	8,491	8,424	9,007	8,846	8,905	9,384	9,041	9,292	9,043	8,349
Closing backlog	102,315	98,638	90,045	88,220	88,724	84,015	79,203	72,179	68,254	64,499
ELECTRIC UTILITIES										
Opening backlog	107,431	99,507	96,064	87,352	85,432	85,919	80,756	76,285	69,939	66,109
Appropriations	8,519	7,354	7,332	7,015	9,301	8,414	6,505	5,788	4,918	5,773
Canceled	9,432	3,615	8,428	1,400	1,071	5,353	2,878	3,711	494	2,732
Capital expenditure	7,011	7,182	7,616	7,544	7,734	8,224	8,098	8,423	8,254	7,414
Closing backlog	99,507	96,064	87,352	85,423	85,919	80,756	76,285	69,939	66,109	61,736
GAS UTILITIES										
Opening backlog	3,222	2,808	2,574	2,693	2,797	2,805	3,259	2,918	2,240	2,145
Appropriations	1,159	1,562	2,021	1,780	1,323	1,525	1,159	925	853	1,429
Canceled	93	554	511	374	144	−89	557	734	159	−124
Capital expenditure	1,480	1,242	1,391	1,302	1,171	1,160	943	869	789	935
Closing backlog	2,808	2,574	2,693	2,797	2,805	3,259	2,918	2,240	2,145	2,763

REVISIONS: Electric and total utility seasonal adjustment is revised for 1982 and 1983. Gas utility raw data are revised for 1983-III, with seasonally adjusted appropriations and backlogs revised for the first three quarters of 1983. Gas and total utility data for 1983-IV are preliminary.

Estimates are for all investor-owned gas and electric utilities. The electric utility companies surveyed account for 99% of all investor-owned companies' plant investment and kilowatt-hour sales to ultimate customers in 1982; the gas utilities surveyed account for 48% of 1982 revenues of all investor-owned gas utilities.

Historical data from 1958 available on request from the Business Conditions Analysis Department.

Sources: Edison Electric Institute; American Gas Association; The Conference Board.

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Utility Appropriations

First Quarter 1984

The Conference Board

The Conference Board

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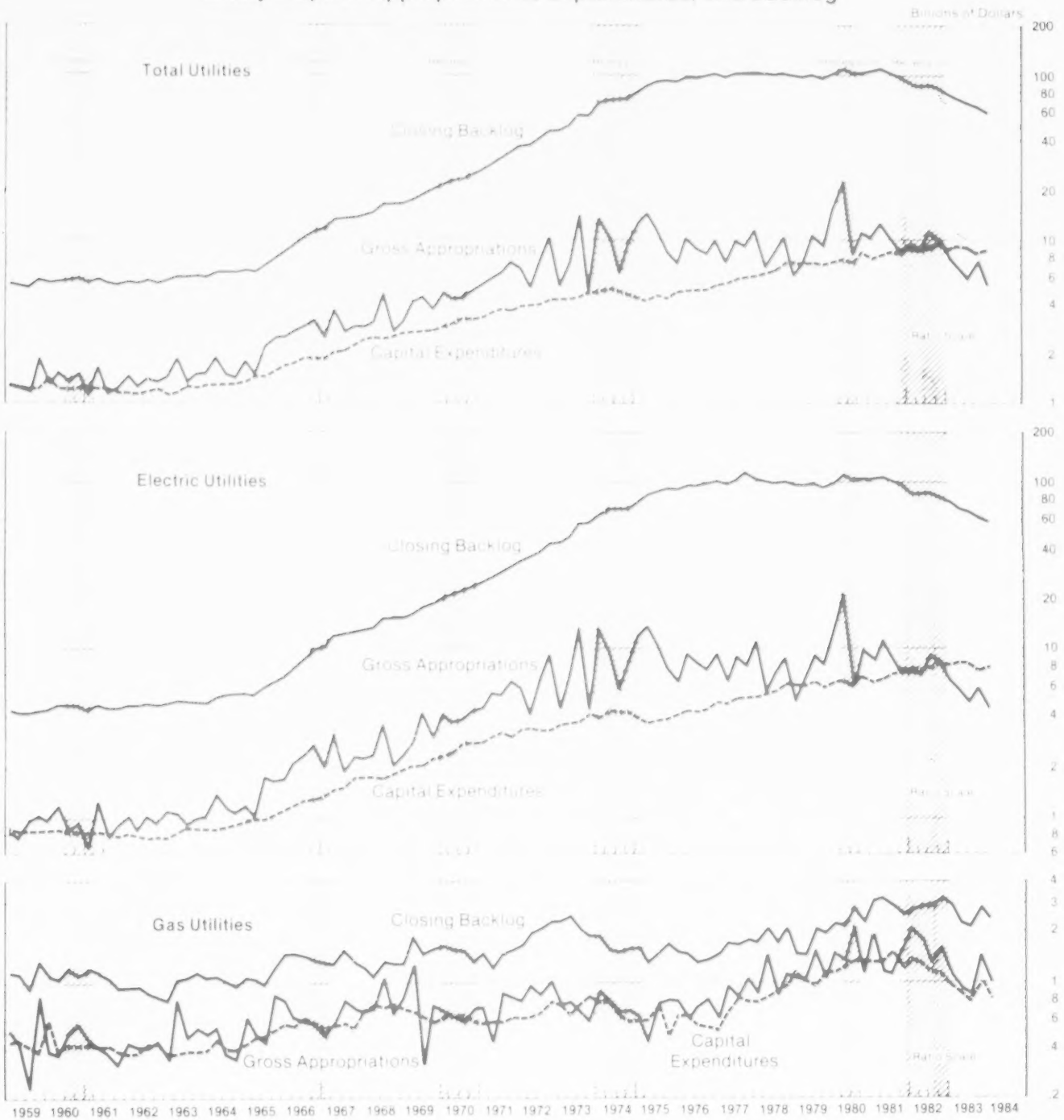
Utility Capital Appropriations, Expenditures, and Backlog*



* Seasonally adjusted quarterly totals in billions of dollars

Prepared in the Business Conditions Analysis Department—Lora S. Collins, Director

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The Conference Board
Quarterly Survey of Utility Appropriations
First Quarter 1984

Following a 25% increase from the third to the fourth quarter of 1983, new capital appropriations of investor-owned utilities fell 26% in the first quarter of 1984 to their lowest level in more than ten years ($5.3 billion, seasonally adjusted). Electric and gas appropriations have moved together for the past year: declining in the first three quarters of 1983, rising in the fourth, and falling again in the first quarter of 1984, more steeply than in any 1983 quarter.

Smaller cancellations of prior appropriations reported by electric companies in the first quarter accounted for a reduced overall cancellations and adjustments figure ($1.5 billion, seasonally adjusted). Total utility net appropriations of $3.9 billion were therefore only 16% below the fourth-quarter figure. But net appropriations had already declined in the fourth quarter, and the latest net figure is 24% below last year's third-quarter figure of $5.1 billion.

Utility capital expenditures of $8.7 billion in the first quarter were 4% above the fourth-quarter total, but 7% below the $9.4 billion record set in 1982-IV. All of the first-quarter increase was in the electric segment. For both electric and gas utilities, however, first-quarter expenditures were larger than net appropriations, and resulted in further depletion of the backlog of unspent appropriations. Between December and March, the total utility backlog was drawn down by 7% to $59.7 billion, its lowest level since 1973. The ratio of backlog to current spending (6.9) is the lowest since 1969. (This ratio implies that the March 31 backlog could sustain about 7 quarters, or 21 months, of spending at the current rate.)

Curtailments by Gas Utilities

Gas appropriations were $1.00 billion in the first quarter, down 30% from the high fourth-quarter $1.43 billion but nonetheless above the amounts posted in the two middle quarters of last year. The rather large first-quarter cancellations figure (some $500 million) reflected a project postponement (for two years) by one utility. First-quarter gas cancellations were of about the same size in 1984 as in the preceding two years, but first-quarter net appropriations this year were less than a third of what they were two years ago ($0.45 billion as compared with $1.51 billion).

Gas companies' unspent appropriations backlog declined by 14% to $2.39 billion at the end of the first quarter, paralleling a 14% decline in expenditures to $0.82 billion. But the industry is maintaining its backlog/spending ratio at an above-average 2.9, unchanged from the preceding quarter and close to the very high 3.1 posted a year ago.

Electric Utilities: A Shrinking Backlog

First-quarter appropriations by electric utilities amounted to a mere $4.34 billion, down 25% from the fourth quarter and smaller than any quarterly total since 1972. With first-quarter cancellations down to less than $1 billion, net appropriations rose 13%, but at $3.42 billion they were still below the quarterly average in 1982-83. Actual expenditures in the first quarter ($7.88 billion) were 6% above the fourth quarter but 6% short of the record $8.42 billion posted in last year's second quarter. The backlog of electric companies' unspent appropriations, down another 7% to $57.28 billion in March, could support only 7.3 quarters of future expenditure at the first-quarter rate, which is on a par with the industry's 1967-68 ratios.

Apart from lowered demand expectations, an important reason for electric utilities' stagnating capital investment outlook is the loss of anticipated revenue from nuclear construction that has been halted and whose eventual operation is uncertain. Unless utilities are enabled to complete such projects, their capital investment will remain in the doldrums while demand is met through less costly innovations in user technology (see Third Quarter 1983 report in this series) and in transmission and distribution.

Margaret M. Nichols

CAPITAL APPROPRIATIONS AND EXPENDITURES OF INVESTOR-OWNED GAS AND ELECTRIC UTILITIES

Quarterly Totals in Millions of Dollars

	81-IV	82-I	82-II	82-III	82-IV	83-I	83-II	83-III	83-IV	84-I
					—NOT SEASONALLY ADJUSTED—					
TOTAL UTILITIES										
Opening backlog	104,062	98,638	97,178	92,424	88,593	84,015	84,089	76,667	69,977	64,496
Appropriations	7,781	18,727	4,569	5,918	9,497	14,397	3,437	3,030	6,484	10,575
Canceled	4,065	12,207	563	602	3,820	6,245	1,613	466	2,801	2,382
Capital expenditure	9,140	7,980	8,760	9,147	10,255	8,078	9,246	9,254	9,164	7,774
Closing backlog	98,638	97,178	92,424	88,593	84,015	84,089	76,667	69,977	64,496	64,915
ELECTRIC UTILITIES										
Opening backlog	100,607	96,064	91,806	87,979	84,990	80,756	79,465	73,159	67,097	61,736
Appropriations	6,603	14,367	4,015	5,288	8,392	11,778	3,151	2,613	5,442	8,190
Canceled	3,350	11,735	326	473	3,718	5,720	1,030	323	2,742	1,866
Capital expenditure	7,796	6,890	7,516	7,804	8,908	7,349	8,427	8,352	8,061	7,140
Closing backlog	96,064	91,806	87,979	84,990	80,756	79,465	73,159	67,097	61,736	60,920
GAS UTILITIES										
Opening backlog	3,455	2,574	3,372	4,445	3,603	3,259	4,624	3,508	2,880	2,760
Appropriations	1,178	4,360	554	630	1,105	2,619	286	417	1,042	2,385
Canceled	715	472	237	129	102	525	583	143	59	515
Capital expenditure	1,344	1,090	1,244	1,343	1,347	729	819	902	1,103	634
Closing backlog	2,574	3,372	4,445	3,603	3,259	4,624	3,508	2,880	2,760	3,995
					—SEASONALLY ADJUSTED—					
TOTAL UTILITIES										
Opening backlog	102,315	98,638	98,045	88,220	88,724	84,015	79,203	72,179	68,254	64,496
Appropriations	8,916	9,353	8,793	10,624	9,939	7,064	6,713	6,751	7,200	5,338
Canceled	4,169	8,939	1,774	1,215	5,264	3,435	4,445	693	2,592	1,467
Capital expenditure	8,424	9,007	8,846	8,905	9,564	9,041	9,292	9,043	8,366	8,703
Closing backlog	98,638	98,045	88,220	88,724	84,015	79,203	72,179	68,254	64,496	59,664
ELECTRIC UTILITIES										
Opening backlog	99,507	96,064	87,352	85,432	85,919	80,756	76,285	69,939	66,109	61,736
Appropriations	7,354	7,332	7,015	9,301	8,414	6,505	5,788	4,918	5,773	4,342
Canceled	3,615	8,428	1,401	1,071	5,353	2,878	3,711	494	2,732	919
Capital expenditure	7,182	7,616	7,544	7,734	8,224	8,098	8,423	8,254	7,414	7,882
Closing backlog	96,064	87,352	85,423	85,919	80,756	76,285	69,939	66,109	61,736	57,277
GAS UTILITIES										
Opening backlog	2,808	2,574	2,693	2,797	2,805	3,259	2,918	2,240	2,145	2,760
Appropriations	1,562	2,021	1,780	1,323	1,525	1,159	925	853	1,427	996
Canceled	554	511	374	144	89	557	734	159	-140	548
Capital expenditure	1,242	1,391	1,302	1,171	1,160	943	869	789	952	821
Closing backlog	2,574	2,693	2,797	2,805	3,259	2,918	2,240	2,145	2,760	2,387

REVISIONS: Gas and total utility data for 1983-IV are revised; total utility data for 1984-I are preliminary.

Estimates are for all investor-owned gas and electric utilities. The electric utility companies surveyed account for 99% of all investor-owned companies' plant investment and kilowatt-hour sales to ultimate customers in 1982; the gas utilities surveyed account for 48% of 1982 revenues of all investor-owned gas utilities.

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